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THE CANCUN MINISTERIAL: THE DOHA DEVELOPMENT ROUND AT MID-POINT

The Trade Ministers and other officials from the 146 World Trade Organization (WTO) members will meet in Cancun, Mexico on September 10-14, 2003. The Fifth WTO Ministerial will mark the mid-point in the current WTO negotiations, launched in November 2001 and scheduled to conclude by the end of 2004. Why should U.S. businesses care about this event? Much is at stake in the current WTO negotiations, referred to as the Doha Development Agenda or DDA, for the United States and other WTO member countries. At the most basic level, moving forward boldly at Cancun and in the DDA negotiations as a whole will help determine whether the WTO can continue to serve a forum for trade liberalization that promotes economic growth. Trade is a vital component of the American economy. Considerable barriers continue to impede the ability of U.S. firms, large and small, to export their products and services. Bringing down those barriers could provide substantial benefits for U.S. exporters, who account for about a quarter of the country's economic growth and support about 12 million jobs. Jobs that pay wages 13-18% higher than the U.S. average. One in three acres of American farms, representing over \$56 billion in annual sales, are planted for export. Improved access to imported production inputs will help U.S. firms stay competitive with foreign producers. While consumers benefit due to higher incomes and lower prices. Overall, success in the DDA negotiations could mean considerable annual savings for the average American family, which in turn means more disposable income and greater growth for the U.S. economy. The core of these negotiations is market access. The U.S. will seek to significantly reduce or eliminate tariffs on all industrial trade, dramatically reform the agriculture sector, lower global barriers to services trade (financial services, telecommunications, etc.), and lower transaction

costs by increasing transparency and promoting fair procedures in customs administration and government procurement. Deadlines for various aspects of the negotiations have come and gone over the past year. For instance, WTO members missed internal targets for agriculture, non-agricultural market access and dispute settlement. A number of other important details WTO members hoped to have concluded before Cancun, including those relating to developing country interests, remain unresolved. At Cancun, Ministers will have to take these issues on along with decisions on certain aspects of intellectual property protection and on whether to launch negotiations on transparency in government procurement, trade facilitation, competition, and investment. With such a full plate, will Cancun be a success?

WTO Director General Supachai and General Council Chair Perez del Castillo in mid-July put together a draft Ministerial text to help guide members' work in the run-up to Cancun. Described as a "skeletal text," it is an important roadmap for members to follow in working to tie up loose ends in the various negotiating groups. The key area to watch is agricultural reform, which has been named by developing and developed countries alike as a "must have" in the negotiations. Without progress on liberalizing agriculture trade, other issues likely will remain stalled. Importantly, the European Union (EU) in late June announced reform of its Common Agricultural Program. But it is unclear how far the EU will be able to move in the agriculture negotiations to reform its domestic supports, export subsidies and agriculture tariffs. With regard to industrial and consumer goods, the proposal issued by Chairman Girard contains many of the elements that will need to be in the final mix, but will require a greater level of ambition to result in commercially meaningful market access improvements. In services, negotiations are on track, and need to be broadened and intensified. So, what will happen at Cancun? In order to move the negotiating process

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forward Ministers will seek broad agreement on the desired level of ambition for the negotiations and at establishing milestones and deadlines for the time remaining. While it would be ideal for the Ministers also to agree on specifics, given the number of issues that remain undecided, this may not be possible in all areas at Cancun. After Cancun, then what? With the framework set by Ministers, specific details, such as the precise components of the tariff-cutting formula and specific sectors for tariff elimination or harmonization, can be negotiated this fall by the established negotiating groups. This will leave a little over a year to complete the negotiations. With an ambitious mandate and clear guidance set by Ministers at Cancun, this still should be time enough to get the job done well. *For more information, call Eileen Hill, DOC/ITA/MAC/OMA, at 202-482-5276. The World Trade Organization web site (www.wto.org) also is a good source of information.*

SME Growth in Ukraine Spurs Private Sector

Small and medium-sized enterprise (SME) development is burgeoning in Ukraine, with growth occurring in virtually all industry sectors. The SMEs play a significant role in economic stability and market transition of the country, employing more than 57 percent of the labor force (some 12 million jobs). The vast majority of SMEs are newly created enterprises, often attracting workers migrating from larger industry sectors as privatization and restructuring take place. It is notable that women operate nearly 30 percent of Ukraine's SMEs. The health of the SME sector is directly connected to other encouraging economic indicators in Ukraine, such as real wage increases and the purchasing power of the population at large, and the other sector holds opportunities for U.S. Companies. U.S. companies can take advantage of opportunities arising from the growing strength of Ukrainian SMEs in many industry sectors in virtually all regions, including agribusiness, information technology, retail products, machinery, electronics, pharmaceutical/medical, and more. An excellent way for U.S. businesses to find export leads and information of promising Ukrainian companies is through BISNIS Search for Partners and Trades & Tenders programs. For more information on BISNIS leads programs, visit <http://bisnis.doc.gov/leads>. For more information on Ukraine, visit <http://bisnis.doc.gov/ukraine> Other Useful Contacts and Information: American Chamber of Commerce, Kiev www.amcham.kiev.ua Association for Promotion

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Incentive for Minority-Owned Enterprises

The U.S. Commercial Service in coordination with the Minority Business Development Agency offer a fantastic incentive for minority companies interested in Spain as an export market. Most U.S. companies are unaware of the tremendous business opportunities offered by the Spanish market. Spain is the 10th largest market in the WORLD and is one of the five largest economies in the European Union. With an economy approximately as large as Canada's and transparent trade rules inherent in its EU membership, Spain offers an ideal export market for a wide-variety of U.S. consumer and capital goods as is demonstrated by its \$1 billion dollar trade deficit with the U.S. The Global Diversity Initiative is teaming with the Minority Business Development Agency to offer a program for minority-owned enterprises seeking to enter the Spanish market. Using MBDA funds, they will underwrite the cost of our services by 50%, not to exceed \$1000.00, for minority companies wanting to purchase one or more of the following services: International Partner Search, Gold Key Service, International Company Profiles, Flexible Market Research, Video Gold Key, and Platinum Key. Time is running out! This opportunity ends in September!! Please contact your Trade Specialist in Miami (305-526-7425) or Fort Lauderdale (954) 356-6640 for more information.

EU Patent Approved

In March, the European Union finally ended its lengthy debate over the establishment of a EU-wide patent. A central patent office will be established in 2010. Prior to that time, national courts will be able to supervise EU patent filing, which could be in operation in two to three years. The EU patent will cover all 25 member states (the current 15 and the 10 accession candidates). The new patent system will decrease the cost of obtaining a patent from around 50,000 euros (five times more than in the United States) to around 25,000 euros. (Source: EU Observer)

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